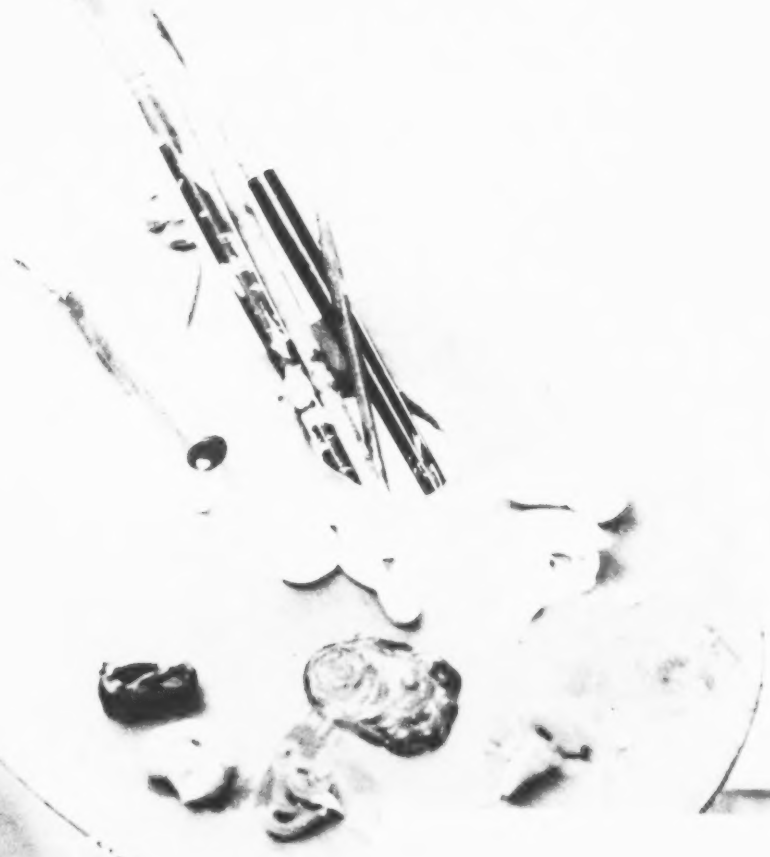
Industrial Distribution

October 1979

Hotline:
Credit outlook
discourag
experts



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Indicators...

Purchases of industrial supplies declined nationally in July for the first time this year, according to the *NIDA-SIDA Industrial Distribution Index*. The index, compiled from the monthly sales figures of 100 distributors, seasonally adjusted, stood at 276.3, down 3.1 points (1.1%) from June, but 37.7 points (15.8%) over the year-before level. The *NIDA-SIDA Inflation Index*, based on the sales prices of 10 products, was at 224.6 in July, up 1.8 points (0.8%) from June and 15 points (7.2%) from the year-before level. (Both indexes are 1967=100.) Regional sales, comparing July to month-before and year-before levels, were: east, 242.7, down 1.3% and up 18.2%; midwest, 264.7, down 2.1% and up 13.5%; west, 297.1, down 2.2% and up 25%; south, up 1.5% and up 14.8%...The July *ASMMA New Order Index* was up 3.1 points (1.2%) after June's decline to 257.2. The two-month, moving average was 32.8 points (14.4%) higher than a year before...The *FRB Index of Production Manufactures* was at 146.7 in July, up 0.4 points from June...The *SIDA Monthly Sales Trend Report* for July showed a 13.2% decline over June, with a 4.9% increase over the year-before level. Area II (Fla., Ga., S.C., P.R.) had the only rise in sales in the June-to-July period, up 2.8%, while area IV (Ark., La., Okla., Tex.) was the biggest loser, with a 23% drop...The *Welding Supply Index* of the National Welding Supply Assn. registered its second consecutive monthly decline in July. The index slid to 124.7, down 6.9 points (5.5%) from June...Demand for aluminum sold through distributors dropped in July for the fourth straight month, according to the National Assn. of Aluminum Distributors. The new level of 209.2 points was down 17.7 (7.8%) from June, a drop of 5.8 points (2.6%) from the year-before level...Machine tool orders for the first two quarters of 1979 were 35% higher than those of the same period in 1978, according to the National Machine Tool Builders Assn. The NMTBA said the latest six-month total amounted to $2.8 billion. July's net new orders totaled $362.3 million, up 13% over the year-before level...Capital-spending plans remained strong through midyear, the Conference Board said.□

July sales decline; fewer sales ahead?

Sales of industrial supplies took another drop in July, according to *Regional Report* correspondents, down 3% for general liners and 5% for specialists.

General-line sales had already slipped 8% from May to June, while specialists were steady during that period, indicating that a time of slack sales is upon us—just as economists predicted.

Despite disappointing performance in June and July, distributor sales were apparently still well ahead of last year. For instance, respondents' July figures placed sales 19% ahead of the year-before level. Correspondingly, sales volume for the first seven months of 1979 was pegged at 18% higher than the same period in 1978.

Even so, it is clear that poor economic performance through this year is likely to trim sales gains.

July's listing of the Commerce Dept.'s index of leading economic indicators gave a clear sign that any other short-term course is unlikely. The index dropped 0.4%, the third decline in four consecutive months.

As the economy slows down, concern about lagging receivables heats up, which brings up another problem area—interest rates.

When the prime rate hit 12¼% late in the summer, one of the most disturbing factors were widespread predictions in the financial and business communities that even that record level would soon be topped. And it was.□

% changes in sales when compared with same month in previous year

Sales in July remained 19% higher than volume a year before, however.

SALES BY REGIONS (% change)

	July '79 vs. June '79			July '79 vs. July '78			7 mos. '79 vs. 7 mos. '78		
	Gen.	Spec.	Both	Gen.	Spec.	Both	Gen.	Spec.	Both
NEW ENGLAND: Conn., R.I., Mass., N.H., Vt., Me.	−1	4	1	14	24	19	12	25	17
Connecticut	—	2	—	—	19	—	—	27	—
Massachusetts	−2	−6	−3	18	27	22	16	24	18
MIDDLE ATLANTIC: N.Y., N.J., Pa.	−8	−10	−9	8	21	16	17	19	18
New York Metropolitan Area	16	15	15	—	22	—	19	23	21
Upstate New York	−10	−14	−12	8	23	18	4	18	13
Pennsylvania	−17	−18	−17	8	19	18	20	24	22
SOUTH ATLANTIC: Del., D.C., Md. Fla., Ga., N.C., S.C., Va., W. Va.	2	−8	−3	26	21	23	14	19	16
Georgia-Florida	7	−11	−4	36	22	28	15	21	18
EAST NORTH CENTRAL: Ohio, Ind., Ill., Mich., Wis.	−8	−14	−10	19	17	18	18	21	19
Indiana	—	—	—	—	—	—	—	—	—
Wisconsin	−6	—	—	17	—	—	15	—	—
Chicago	20	−14	−1	8	27	13	14	33	25
Michigan	−2	−10	−5	21	15	18	17	11	14
Ohio	−16	−6	−11	19	8	13	25	17	21
EAST SOUTH CENTRAL: Ala., Miss., Ky., Tenn.	—	−2	—	—	17	—	—	−12	—
WEST NORTH CENTRAL: Minn., N.D., S.D., Iowa, Neb., Kan., Mo.	—	8	—	—	22	—	—	14	—
WEST SOUTH CENTRAL: Ark., La., Okla., Tex.	—	−4	—	—	—	—	—	14	—
Texas	—	−4	—	—	—	—	—	14	—
MOUNTAIN: N. M., Ariz., Colo., Utah, Nev., Wyo., Mont., Idaho	−7	—	—	21	—	—	7	—	—
PACIFIC: Calif., Ore., Wash.	−7	−8	−7	31	16	25	33	25	29
L. A.-San Diego	−8	—	—	14	—	—	36	—	—
Oregon-Washington	−6	1	−4	34	12	27	32	25	29
U.S. TOTALS	−3	−5	−5	19	19	19	18	19	18